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January 2011 Monthly Report for MTC

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Re: Monthly Report for January 2011

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State of the Union

On January 25, President Obama delivered his State of the Union address. While it focused largely on reducing the deficit and creating a leaner government, the President did underscore the need for increased spending in the areas of infrastructure, innovation (including clean energy), and education. The President expressed his continued support for high-speed rail, and he also identified the need for repair and expansion of the nation's transportation system. This need for repair and expansion was framed as a means to create jobs and promote future economic competitiveness. Below is an excerpt from his address:

“The third step in winning the future is rebuilding America. To attract new businesses to our shores, we need the fastest, most reliable ways to move people, goods, and information – from high-speed rail to high-speed internet.

Our infrastructure used to be the best – but our lead has slipped... We have to do better. America is the nation that built the transcontinental railroad, brought electricity to rural communities, and constructed the interstate highway system. The jobs created by these projects didn't just come from laying down tracks or pavement. They came from businesses that opened near a town's new train station or the new off-ramp...

We will put more Americans to work repairing crumbling roads and bridges. We will make sure this is fully paid for, attract private investment, and pick projects based on what's best for the economy, not politicians.

Within 25 years, our goal is to give 80 percent of Americans access to high-speed rail...As we speak, routes in California and the Midwest are already underway. All these investments – in innovation, education, and infrastructure – will make America a better place to do business and create jobs.”

Note that the President clearly identified infrastructure investment as an important national priority — references to transportation and infrastructure in State of the Union speeches over the last 20 years have been relatively rare. Not surprisingly, however, he did not delve into specifics on infrastructure, nor did he mention passing a transportation authorization bill. A companion to the address released by the Administration mentions that a comprehensive six-year plan would be rolled into the White House budget proposal, yet to be released, as well as “transformational investments” such as an infrastructure bank (see: <http://www.whitehouse.gov/the-press-office/2011/01/25/fact-sheet-state-union-president-obamas-plan-win-future>). The Administration is not prepared to release a comprehensive policy plan or a funding option, but the focus on infrastructure indicates an enhanced interest by the Administration to take up the transportation authorization issue.

Surface Transportation Authorization Update

Both the Administration and transportation-related committees in Congress have iterated that they are aiming to pass a surface transportation authorization this year. The President's focus on

infrastructure investment in his State of the Union address indicates that the transportation bill may be a presidential priority. This would give those in Congress, who want to pass a bill, a strong political foundation. If momentum builds, authorization legislation could be signed into law by early fall 2011; however, if a bill is not signed by the end of the year, the timeline for authorization will be pushed back until after the presidential election. In the interim, Congress will need to extend existing transportation law before the current extension expires on March 4, 2011. A detailed update is below:

- ***Administration***

Throughout the month of January, Administration officials announced they would unveil their version of a reauthorization proposal between mid-February and March — after the release of the President's 2011 budget. In addition, Transportation Secretary Ray LaHood said his goal is to have a bill signed by mid-August. Other U.S. Department of Transportation (DOT) officials have also expressed a commitment to a six-year transportation bill. Some of the key items mentioned include high-speed rail, a national infrastructure bank, and a commitment to the Administration's livability initiative.

- ***Senate***

Senate Environment and Public Works (EPW) Committee Chair Barbara Boxer (D-CA) said that passing a transportation authorization bill this year was a top priority for her. Additionally, Senate staff has suggested that this may be a three-year piece authorization through fiscal year 2013. Specifics on legislative priorities in the transportation authorization are still being discussed. During the last week of January, committees began holding hearings around the transportation bill and have opened the door to movement on legislation.

Committee assignments for relevant transportation committees were announced in late January. (Note: EPW has jurisdiction over the highway portion of the transportation bill; the Senate Banking, Housing, and Urban Development Committee has jurisdiction over transit; rail falls under the jurisdiction of the Committee on Commerce, Science, and Transportation; and funding falls under the Senate Finance Committee.) One notable membership change is the replacement of former Senator Chris Dodd (D-CT) — a supporter of transit funding and livable communities — with Senator Tim Johnson (D-SD) as the chair of the Senate Banking, Housing, and Urban Development Committee.

- ***House***

House Transportation and Infrastructure (T&I) Committee Chair John Mica (R-FL) has repeatedly voiced his intention to move forward with a six-year transportation authorization this year. In a January 25 meeting with stakeholders, Mr. Mica outlined his three priorities for the bill:

1. Six-year bill
2. Streamlining (project delivery and federal reach)
3. Innovative financing

Mr. Mica will embark on a listening tour next month in a number of locations across the country to gather ideas and solidly formulate his transportation legislation. In late February, he will be joined by EPW chair, Senator Barbara Boxer, in Los Angeles for one of these sessions — MTC has been asked to participate.

Furthermore, new dynamics in the House include a reduced T&I Committee. Committee membership is set at 59 members (down from 79 members). Currently, none of the members represent the San Francisco Bay Area; however, Representative John Garamendi (D-CA), who represents California's 10th district, is hopeful he will be reappointed to the T&I Committee. An additional dynamic shift is the ban on earmarks, which have traditionally been prevalent with this committee's members.

Earmarks Update

In his State of the Union address, President Obama promised to veto any bill that contained earmarks, and since House GOP members will not move any bills that contain them, earmarks are no longer viable even though House Democrats are generally supportive of earmarks. The Senate can still officially include earmarks in their legislation (and House members may ask their Senators to include earmarks on their behalf); however, it appears likely that earmarked legislation will not be able to garner enough votes to pass in the Senate's current political environment. There is an ongoing debate about redefining what constitutes an "earmark" because they serve to fund a significant amount of transportation/infrastructure projects. Also, it has been suggested that transportation projects may not fall under the category of "pork-barrel spending" the ban is meant to target, yet at this time, no such definition has been adopted.

Transportation Funding

In late January, the Congressional Budget Office (CBO) released projections for the Highway Trust Fund (HTF) * — at the end of FY 2013 the transportation fund will be \$8.8 billion in the negative, and the transit fund will be barely solvent with a \$1.3 billion balance. Although there has been ample discussion to move forward on transportation legislation, neither the Administration nor Congress has proposed a financing mechanism to provide long-term funding for the national transportation system. Executive Director Steve Heminger visited Washington, D.C. in January to begin exploring a pathway out of the current funding deadlock.

* On January 26, the CBO released data surrounding the state of the federal budget. This information will continue to shape budget discussions and official Congressional and Administration proposals. As the March 4 expiration of the Continuing Resolution currently funding the federal government nears, the outlook on future federal spending will become clearer. More detail on these discussions will be included in the February Monthly Report.

January Meeting Updates

Congressman Mike Thompson (D-CA)

We met with Congressman Mike Thompson and his staff a number of times this month. Our conversations focused on transportation funding — Mr. Thompson is a member of the House

Ways and Means Committee, which has jurisdiction over transportation financing mechanisms — and SMART.

Congressman John Garamendi (D-CA)

Throughout January we met with Congressman Garamendi and his staff regarding future transportation authorization proposals and his possible membership on the House T&I Committee.

Congressman Earl Blumenauer (D-OR)

On January 24, we met with Congressman Blumenauer and his staff to discuss transportation funding. Mr. Blumenauer holds a seat on the House Ways and Means Committee and plays a role in transportation financing mechanism decisions.

Minority Leader Nancy Pelosi (D-CA)

On January 24, we met with staff from the Minority Leader's office regarding authorization funding and representation of the San Francisco Bay Area's transportation interests in the House T&I Committee.

Senator Max Baucus (D-MT)

On January 24, we met with staff from Senator Baucus' office to discuss transportation authorization funding. Mr. Baucus is the Finance Committee Chairman and holds a high rank on the Senate EPW Committee.

Senator Tom Carper (D-DE)

We also met with staff from Senator Carper's office regarding policy and funding for the surface transportation program. Senator Carper is on the Senate EPW Committee, as well as the Senate Finance Committee. Moving forward, he will be active in these legislative aspects.

Senator Dianne Feinstein (D-CA)

On January 25, we met with Senator Feinstein's staff to discuss a variety of funding-related ideas for transportation infrastructure.

Senate Environment and Public Works Committee (EPW)

We met with EPW staff, including the majority staff director and the chief counsel on January 24 and discussed transportation authorization policies, timeline, and funding.

Additionally, the Senate EPW Committee held their first hearing in the 112th Congress on January 25. The hearing focused on the jobs creation aspect of transportation infrastructure funding.

U.S. Department of Transportation

On January 25, we met with Undersecretary of Transportation Roy Kienitz, Assistant Secretary for Transportation Policy Polly Trottenberg, and Deputy Assistant Secretary Joel Szabat to discuss the Administration's surface transportation authorization proposal.